CASTLE & COOKE, INC.

1973 Annual Report

Table of Contents

CASTLE & COOKE, INC. DRAWER 2990 HONOLULU, HAWAII 96802

To the Stockholders of Castle & Cooke, Inc.

You are cordially invited to attend this year's Annual Meeting of Stockholders. The meeting will be held in Honolulu, Hawaii, on Friday, April 19, 1974 at 8:30 in the morning.

On the following pages you will find a Notice of Annual Meeting and the Proxy Statement. We suggest that you read the Proxy Statement carefully.

It is important that your shares be represented at the meeting, regardless of the size of your holding. Therefore, we urge you to SIGN, DATE, and RETURN AS SOON AS POSSIBLE, the enclosed proxy card in the postage-paid envelope furnished for that purpose. This should be done whether or not you now plan to attend the meeting. The proxy may be withdrawn if you decide later to attend the meeting and to vote in person.

MALCOLM MacNAUGHTON
Chairman of the Board

D.J. KIRCHHOFF
President

Castle & Cooke, Inc., February 22, 1974.

Table of Contents

Notice of Annual Meeting of Stockholders

April 19, 1974

The Annual Meeting of Stockholders of CASTLE & COOKE, INC. will be held on Friday, April 19, 1974 at 8:30 a.m. in the Board of Directors Room of the Company offices, 130 Merchant Street, Honolulu, Hawaii, for the following purposes:

1. Fixing the number of and election of the directors to hold office until the next annual meeting and thereafter until their successors are elected.

2. Electing Peat Marwick Mitchell & Co. as Auditor for the year 1974 and thereafter until its successor is elected.

3. Considering and acting upon such other business as may properly come before the meeting and all adjournments thereof.

The close of business on February 22, 1974 has been fixed as the record date for the determination of stockholders entitled to notice of and to vote at the meeting. The stock transfer books will not be closed.

S.P. McCurdy

S.P. McCurdy
Vice President and Secretary
Honolulu, Hawaii
February 22, 1974

IT IS IMPORTANT THAT YOUR STOCK BE REPRESENTED AT THE MEETING. PLEASE SIGN, DATE, AND MAIL THE ENCLOSED PROXY IN THE ENCLOSED ENVELOPE WHICH REQUIRES NO POSTAGE.

PROXY STATEMENT

This Proxy Statement is furnished to stockholders by the management of Castle & Cooke, Inc. (the "Company") in connection with the solicitation of proxies for use at the Annual Meeting of Stockholders of the Company to be held on Friday, April 19, 1974 and at all adjournments thereof. The address of the Company is Financial Plaza of the Pacific, 130 Merchant Street, Honolulu, Hawaii (mailing address: P.O. Box 2990, Honolulu, Hawaii 96802) and its telephone number is (808) 548-6611. The approximate date on which this Proxy Statement and the enclosed form of proxy are first to be sent to stockholders is March 15, 1974.

ANNUAL REPORT

The Annual Report of the Company for the year ended December 29, 1973 has previously been furnished to all stockholders. It is not to be regarded as proxy soliciting material or as a communication by means of which any solicitation is to be made.

SOLICITATION BY MANAGEMENT

Your proxy in the form enclosed is solicited by management. It may be revoked by you at any time before its use. If you are present at the meeting and so request, your proxy will not be voted.

COSTS OF SOLICITATION

The entire cost of soliciting these proxies will be borne by the Company. The Company may make arrangements with brokerage houses, nominees, fiduciaries and other custodians to send proxies and proxy material to beneficial owners of the Company's stock and may reimburse them for their expenses in so doing. Proxies may be solicited personally or by telephone, telegram or mail by directors, officers and regular employees of the Company without additional compensation for such services.

VOTING OF MANAGEMENT PROXIES

The shares represented by the management proxies received will be voted IN FAVOR of each of the proposals described in this Proxy Statement if no contrary instruction is indicated on the proxy.

SHARES OUTSTANDING, VOTING RIGHTS AND RECORD DATE

There were 13,195,440 shares of common stock of the Company outstanding at the close of business on February 22, 1974. As a result of the 7% stock dividend declared December 14, 1973 for payment March 18, 1974 to stockholders of record on January 11, 1974, an additional 923,681 common shares will be issued. Total shares outstanding on March 18, 1974 will be 14,119,121.

Each share of common stock is entitled to one vote, except that voting may be cumulative in the election of directors if a request for cumulative voting is delivered by a stockholder to the President, a Vice

President, the Secretary or the Treasurer of the Company not less than forty-eight hours prior to the time fixed for the meeting.

Pursuant to the provisions of the By-Laws of the Company, the Board of Directors has fixed the close of business on February 22, 1974 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting.

ELECTION OF DIRECTORS

The holders of the management proxies will vote the proxies received by them to fix the number of directors at sixteen (16).

The management nominees for election as directors, to hold office until the next annual meeting and thereafter until their successors are elected, are the sixteen (16) persons named on the following pages.

If cumulative voting is not requested, the holders of management proxies will vote the proxies received by them for the election as directors of the sixteen (16) management nominees. If cumulative voting is requested, the holders of management proxies will vote the proxies received by them cumulatively for some or all of the management nominees in such manner as may be determined at the time by the proxy holders. Although it is not contemplated that any management nominee will decline or be unable to serve, should such a situation arise prior to the meeting, the holders of management proxies may vote in their discretion for another person in his stead.

Messrs. A.G. Budge, J.H. Midkiff, T.F. Sandoz and A.D. Schwaner are not standing for reelection but will continue their association with the Company as advisory directors. Their associations as directors of the Company total 100 years. Mr. Budge, former president and chairman of the board, was first elected a director in 1924.

The following brief statements contain biographical information about each nominee, the year he first became a director and the number of shares of the Company's common stock and the principal amount of the Company's Convertible Subordinated Debentures beneficially owned by him, his immediate family and by family trusts, as of January 31, 1974. Such amounts include the 7% stock dividend declared by the Board of Directors on December 14, 1973 for payment on March 18, 1974 to stockholders of record on January 11, 1974. (Note: "Immediate Family" means the wife of, the minor child of, and any relative having the same house as the nominee. "Family Trust" means any trust in which the nominee or members of his Immediate Family have a vested beneficial interest or any revocable trust created by the nominee.)

A.S. Atherton

W.M. Bush

H.B. Clark Jr.

James J. Finch

James F. Gary

John D. Gray

A.S. ATHERTON

Elected director 1962

Mr. Atherton is a director of Hawaiian Trust Company, Limited. He joined Hawaiian Trust in 1954, was appointed assistant secretary in March 1956, and served as assistant vice president from January 1958 to May 1966. Mr. Atherton is president of the Board of Managers of Mid-Pacific Institute; trustee of Hawaii Loa College; president and director of the Honolulu Star-Bulletin, Inc., and past president of the Hawaii Chapter, American Cancer Society. Shares owned: Personally 35,505. Family Trusts 7,146.

W.M. BUSH

Elected director 1957

Mr. Bush was executive vice president of the Company until his retirement on October 31, 1968. He is now available as a consultant to the Company. He is a director of Kohala Corporation and Waialua Sugar Company, Inc. He is also a director of First Insurance Company of Hawaii, Ltd. Shares owned: Personally 50,378. Immediate Family 1,285.

H.B. CLARK JR.

Elected director 1970

Mr. Clark is executive vice president of the Company. He joined the Company in 1946 in the Cost and Operation Analysis Department. He was appointed assistant secretary in 1950, treasurer in 1958, vice president in 1962 and executive vice president in 1970. He is an officer and director

of various subsidiary companies and divisions. He is also a director of Bay & River Navigation Co.; California and Hawaiian Sugar Company; Hawaiian Airlines, Inc.; Hawaiian Telephone Company; Pacific Resources, Inc.; Hawaiian Independent Refinery, Inc.; Gasco, Inc., and Bunker Hill Income Securities, Inc. Mr. Clark is president of the Hawaiian Sugar Planters' Association and Hawaiian Development Company. He is a director or trustee of various community organizations. Shares owned: Personally 46,263. Immediate Family 730.

JAMES J. FINCH
Elected director 1966

Mr. Finch has been a director of Newhall Land and Farming Company since December 1958 and was executive vice president of that corporation from December 1961 until his retirement on October 1, 1973. He is a director of Valencia Corp., Valencia Water Company, Fillmon-Piru Citrus Association, Ventura County Citrus Exchange, Las Pasas Orchard, and an alternate director of Sunkist Growers, Inc. Shares owned: Personally 3,989. Immediate Family 456.

JAMES F. GARY
New nominee

Mr. Gary has been president and director of Pacific Resources, Inc. and three subsidiary companies since 1970 and president of its predecessor Honolulu Gas Company from 1967-1970. Prior associations were with Washington Natural Gas Company and Seattle Gas Company. Mr. Gary is a director of Bank of Hawaii; Hawaii Bancorporation, Inc.; Research Corporation of the University of Hawaii, and Western America Fund, Inc., Seattle. His affiliation with public service organizations include president of the Boy Scouts of America, Aloha Council, and director or trustee of the Oahu Development Conference, Aloha United Fund, Hawaii Employers Council, Hawaii Joint Council on Economic Education, Hawaii Loa College and the National Council on Crime and Delinquency. Shares owned: Personally 300.

JOHN D. GRAY
New nominee

Mr. Gray has, since 1961, been chairman of the board of OMARK Industries, Inc. and has served as president and chief executive officer of it and the predecessor company since 1953. Prior associations were with Oregon Saw Chain Corp. 1948-1953 and Pointer-Willamette Co. 1947-1948. Mr. Gray is a director of First National Bank of Oregon, Standard Insurance Company, Precision Castparts, Inc., Jantzen, Inc. and Tektronix, Inc. He is also affiliated with Sunriver Properties, Salishan Properties and Johns Landing, all land development projects in Oregon. His current affiliation with public service organizations include trustee of Reed College, Committee for Economic Development and Oregon Graduate Center. Shares owned: Personally 100.

D.J. Kirchhoff

C. Calvert Knudsen

Malcolm MacNaughton

John H. Magoon Jr.

Leonard Marks Jr.

D.J. KIRCHHOFF
Elected director 1970

Mr. Kirchhoff is president and chief operating officer of the Company. He joined the Company as executive vice president in January 1970, prior to which time he was president of its subsidiary, Standard Fruit and Steamship Company. He is also president and chief executive officer of Castle & Cooke Foods, a division of the Company. He is an officer and director of various subsidiary companies and divisions. He is a director of Pacific Insurance Company and a director and former chairman of the board of Latin American Agribusiness Development Corporation. Shares owned: Personally 46,455. Immediate Family 213.

C. CALVERT KNUDSEN
New nominee

Mr. Knudsen has been senior vice president of Weyerhaeuser Company since 1969. Prior associations, in various executive positions, were with Evans Products Company from 1963-1968 and with Aberdeen Plywood and Veneers, Inc. from 1960-1963. Prior to that time Mr. Knudsen was in private practice of law from 1951-1960. He is also a director of The National Bank of Commerce of Seattle, Physio Control Corporation (Seattle), Cascade Corporation and Terminal Ice & Cold Storage Company (both headquartered in Portland). Shares owned: Personally 100.

MALCOLM MacNAUGHTON
Elected director 1957

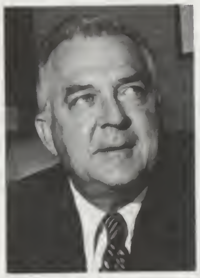
Mr. MacNaughton is chairman of the board and chief executive officer of the Company. He joined the Company in 1942 as assistant secretary. He was appointed vice president in 1953, executive vice president in 1957, president in 1959 and chairman of the board in 1973. He is a director of all other divisions and subsidiaries of the Company. He is also a director of Bank of Hawaii; California and Hawaiian Sugar Company; Hawaiian Airlines, Inc.; Hawaiian Trust Company, Limited; Wells Fargo Bank, N.A., and Wells Fargo Mortgage Investors. He is also a director of the Aloha United Fund, Queen's Medical Center and the Oahu Development Conference. He is a member of the Stanford Research Institute Advisory Council and the Stanford University Graduate School of Business Advisory Council. Mr. MacNaughton is a member of the Business Council. He is chairman of the board of trustees of Honolulu's Iolani School, and a trustee of the Hawaii Council on Economic Education, Overseas Private Investment Corporation and Hawaii Pacific College. Shares owned: Personally 127,486. Family Trusts ,992.

OHN H. MAGOON JR.
lected director 1967

Mr. Magoon is chairman of the board, president and chief executive officer of Hawaiian Airlines, Inc. (a certified common air carrier serving the principal islands in the State of Hawaii). He is a director of Hawaiian Trust Company, Limited; Hawaiian Securities & Realty, Ltd.; First Insurance Company of Hawaii, Ltd.; Magoon Brothers, Ltd.; Magoon Estate, Ltd.; Magoon Development Corporation; Magoon Land Corporation; Cox Broadcasting Corporation in Atlanta, Georgia, and the Hawaii Visitors Bureau. His affiliation with public service organizations include president of the Board of Trustees of Kapiolani Hospital. Mr. Magoon is also a member of the National Board of Directors of Boys' Clubs of America. Shares owned: Personally 618.

LEONARD MARKS JR.
Elected director 1973

Mr. Marks joined the Company as executive vice president-finance in August, 1972. Prior to joining the Company, Mr. Marks was senior vice president, Wells Fargo & Company 1969-72; vice president, corporate development at the Times Mirror Company 1968-69; assistant secretary, United States Air Force 1964-67, and assistant dean and associate director of the International Center for Advancement of Management Education and professor of finance, Stanford University Graduate School of Business 1955-64. Mr. Marks is a director of Syntex Corporation. Shares owned: Personally 238.



James E. Nall

JAMES E. NALL

Elected director 1973

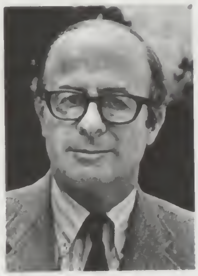
Mr. Nall, since 1962, has been president of Investment Corporation of Florida, a major community developer. Prior associations were with Virginia-Carolina Chemical Company, Standard Fruit & Steamship Company, Ford Motor Company and Booz, Allen & Hamilton. Mr. Nall is a director of the Barnett Bank of Fort Lauderdale, Florida. Shares owned: Personally 500.

David T. Pietsch

DAVID T. PIETSCH

New nominee

Mr. Pietsch is a lifetime resident of Hawaii. He commenced his business career following World War II after serving as a naval officer in the Pacific area. In 1947 he entered the land title field and has since 1952 been the executive vice president and co-owner of Title Guaranty of Hawaii, Inc., and Title Guaranty Insurance Agency, Inc., the largest title organization in Hawaii. He is president of Title Guaranty of Guam, Inc., and of Title Guaranty Escrow Services, Inc. In addition to serving as a director of these corporations, he serves on the boards of Maunalani Hospital and Hanahuli Association, Ltd. Mr. Pietsch is active in numerous professional, civic and fraternal organizations. Shares owned: Personally 1,284. Immediate Family 1,174.



Samuel A. Pond

J. Scott B. Pratt III

R.H. Wheeler

SAMUEL A. POND
Elected director 1973

Mr. Pond has served as associate dean, director of continuing education, and lecturer in industrial relations at the Graduate School of Business, Stanford University since 1961; and as acting dean in 1968-69. From 1951 to 1961 he was associated with the FMC Corporation and Chemetron Corporation in executive positions. He is presently a member of the board of trustees of the Thacher School and the Canterbury Foundation; the board of directors of the Northern California Industry-Education Council, and the advisory council of "Invest-in-America". In the past he has served on the board of directors of the Alhambra Water Company and Miramonte Mental Health Services, and as board member and president of the Portola Valley School District. Shares owned: Personally 787.

. SCOTT B. PRATT III
Elected director 1959

Mr. Pratt is chairman of the board and chief executive officer of Hawaiian Trust Company, Limited. He joined that company in 1941 as a trainee. He was appointed executive vice president in 1958, president and manager in 1959 and chairman in 1971. He is a director of First Insurance Company of Hawaii, Ltd.; Hawaiian Electric Company, Inc.; Hawaiian Telephone Company; Molokai Ranch, Limited, and Kaluakoi Corporation. Mr. Pratt is a trustee and president of Realty and Mortgage Investors of the Pacific. Mr. Pratt is also a director of Hawaii Preparatory Academy, president of the Honolulu Academy of Arts and treasurer of the Aloha United Fund. Hawaiian Trust Company, Limited, held on December 31, 1973, as fiduciary or co-fiduciary 768,196 shares of the Company's common stock in 245 different trust, guardianship and probate accounts, no single one of which owned as much as 5% of the stock of the Company. Shares owned: Family Trusts 5,107. Immediate Family 674 shares.

R.H. WHEELER
Elected director 1957

Mr. Wheeler is president and co-owner of Andrade & Co. Ltd. of Hawaii. Mr. Wheeler is a director of the First Insurance Company of Hawaii, Ltd. He is a director and vice president of the Honolulu Downtown Improvement Association and president of the Hawaii Retail Employers' Association. Mr. Wheeler is a member of the Executive Committee of the Retail Merchants Association of Hawaii. He is a director of the Profit Sharing Council of America, past president and incumbent director of its Hawaii Chapter. Mr. Wheeler is director of the Menswear Retailers of America, and member, board of governors of the Hawaii Employer's Council. He is past president of the Ala Moana Merchants Association, Honolulu Chamber of Commerce, Retail Board of Honolulu, Hawaii Visitors Bureau, Hawaii Heart Association, the Rotary Club of Honolulu, and is Past District Governor of Rotary International for the State of

Hawaii. Shares owned: Personally 1,492. Immediate Family 591. Convertible Debentures $12,000.

REMUNERATION OF DIRECTORS AND OFFICERS

The following table sets forth the remuneration paid by the Company and its subsidiaries during the year ended December 29, 1973 to each director of the Company and each nominee whose aggregate direct remuneration exceeded $30,000; and to each of the three highest paid officers of the Company whose aggregate direct remuneration exceeded that amount; and to all directors and officers of the Company as a group, for services in all capacities; and also states the estimated annual benefits on retirement of the individuals named.

A	B	C	D		E	F
			Profit Sharing Plan Contribution (1)			
Name	Capacities in Which Remuneration Received	Salaries, Bonuses and Fees	1973	Total Accrued to 12/29/73	Deferred Incentive (2)	Estimated Annual Retirement Benefits (3)
Malcolm MacNaughton	Chairman of the Board and Director of the Company; Officer and Director of certain affiliated companies.	$207,789	$11,249	$110,441	$70,000	$79,817
D.J. Kirchhoff	President and Director of the Company; Officer and Director of certain affiliated companies.	189,531	10,043	28,847	68,000	94,824
H.B. Clark Jr.	Executive Vice President and Director of the Company; Officer and Director of certain affiliated companies.	120,998	6,908	57,497	38,000	59,708
Leonard Marks Jr.	Executive Vice President and Director of the Company; Officer and Director of certain affiliated companies.	108,363	2,991	2,991	43,700	27,524
Directors and Officers of the Company as a Group. (28 Individuals)		$1,342,810	$47,257	$323,880	$350,700	$583,983

(1) On November 18, 1958, the directors of the Company adopted a deferred payment Profit Sharing Plan, effective January 1, 1958, to replace the then existing employee cash bonus plan. Column "D" gives for the individuals and the group Company contributions under the profit sharing plan accrued for the year ended December 29, 1973 and the aggregate amount of Company contributions accrued from the beginning of the plan to December 29, 1973.

(2) The Board of Directors of Castle & Cooke adopted an Incentive Pay Plan effective with the fiscal year commencing May 1, 1967. The Plan is a non-qualified, non-funded, contractual arrangement to provide incentive bonuses for key employees of Castle & Cooke. The Plan provides that each year in which the consolidated net income of Castle & Cooke is in excess of 8% of stockholders' equity, there shall be set aside on the books of the Company a Fund in an amount up to $75,000 for each $4,500,000 of consolidated net income (excluding capital gains and losses). The amount to be set aside in the Fund will be determined by the Board of Directors as soon as practicable after the close of the fiscal year. Under the Plan, individual distributions in excess of $2,000 will be placed in a Deferred Share, invested in Company stock and distributed upon retirement or other termination of employment, except that the Corporate Compensation Committee, which administers the plan, may elect in its sole discretion to make payments in cash. The non-qualified Incentive Pay Plan will not replace the qualified deferred payment Profit Sharing Plan referred to in Note 1. The shares represented by stock units accrued for officers of the Company under this Plan are included in the shares reported herein as owned by various officers of the Company. For the year ended December 29, 1973, a total of $350,700 was set aside for this purpose. Of this amount, $70,000 was distributed to Mr. MacNaughton, $68,000 to Mr. Kirchhoff, $38,000 to Mr. Clark and $43,700 to Mr. Marks.

(3) The annual benefits shown are those provided by the Company's existing pension plan, assuming retirement at normal retirement date and continuation of current salaries until retirement.

OTHER TRANSACTIONS

At December 29, 1973, Wells Fargo Bank, N.A. ("Wells") had made short-term and long-term loan commitments totaling $22,039,000 to the Company and its subsidiaries, and $8,781,000 of indebtedness at interest rates of 6% and 10¾% was outstanding under these commitments. Interest on all indebtedness to Wells of the Company and its subsidiaries totaled $1,892,000 during the year ended December 29, 1973. In addition, Wells has made loans to others totaling $1,334,000 at December 29, 1973 for which the Company or its subsidiaries are contingently liable.

Mr. Malcolm MacNaughton, chairman of the board and director of the Company, is a director of Wells.

At December 29, 1973, Wells Fargo Mortgage Investors ("Wells Investors") had made loan commitments to a subsidiary of the Company totaling $9,445,000, and $4,011,000 of indebtedness at an interest rate of 10% was outstanding under these commitments. Interest of subsidiaries on indebtedness to Wells Investors totaled $195,000 during the year ended December 29, 1973. In addition, Wells Investors had made loans totaling $3,718,000 to others during the year for which a subsidiary of the Company was contingently liable.

Mr. Malcolm MacNaughton, chairman of the board and director of the Company, is a director of Wells Investors.

At December 29, 1973, Bank of Hawaii had made short-term and long-term loan commitments to the Company and several of its subsidiaries totaling $8,034,000, and $2,084,000 of indebtedness at interest rates of 10½% and 10¾% was outstanding under these commitments. Interest on indebtedness to Bank of Hawaii of the Company and its subsidiaries totaled $161,000 during the year ended December 29, 1973. In addition, Bank of Hawaii had made loans totaling $2,340,000 at December 29, 1973 to others which the Company has guaranteed. The Company also made lease payments of $192,000 during the year on equipment leases financed through Bank of Hawaii.

Mr. Malcolm MacNaughton, chairman of the board and director of the Company, is a director of Bank of Hawaii. Mr. James F. Gary, a nominee for director, is also a director of Bank of Hawaii.

At December 29, 1973, First National Bank of Oregon had made short-term and long-term loan commitments totaling $2,980,000 to the Company, and $1,980,000 was outstanding at an interest rate of 11% under these commitments. Interest on indebtedness to First National Bank of Oregon totaled $190,000 during the year ended December 29, 1973. In addition, the Company made lease payments of $169,000 during the year on an equipment lease financed through First National Bank of Oregon and had unexercised letters of credit outstanding at First National Bank totaling $1,000,000 at December 29, 1973.

Mr. T.F. Sandoz, a director of the Company who is not standing for re-election, was a director of First National Bank of Oregon until August 1973. Mr. John D. Gray, nominee for director, is a director of First National Bank of Oregon. Mr. John S. McGowan, a vice president of the Company, is also a director of First National Bank of Oregon.

The loan arrangements with the lending institutions described above were made in the ordinary course of business at rates of interest which were customary for the terms and types of loans involved at the time they were made.

STOCK OPTIONS

The following tabulation shows as to certain directors and officers of the Company and as to all directors and officers of the Company as a group (i) the number of stock option shares granted in the last full five calendar years, (ii) the number of shares acquired since the beginning of that period through the exercise of options granted since April 1, 1969 and prior thereto, and (iii) the number of shares subject to all unexercised options held as of December 31, 1973:

Common Shares*	Malcolm MacNaughton	D.J. Kirchhoff	H.B. Clark Jr	Leonard Marks Jr.	All Officers & Directors as a Group
Granted—April 1, 1969 to Dec. 31, 1973:					
Number of shares	—	—	—	33,170	79,629
Average per share option price	—	—	—	$15.20	$17.09
Exercised—April 1, 1969 to Dec. 31, 1973:					
Number of shares	31,769	24,773	7,282	—	125,501
Aggregate option price of options exercised	$378,016	$205,260	$ 83,043	—	$1,358,837
Aggregate market value of shares on date options exercised	$677,895	$509,630	$174,382	—	$2,502,389
Sales—April 1, 1969 to Dec. 31, 1973:					
Number of shares	2,200	300	—	—	8,123
Unexercised at Dec. 31, 1973:					
Number of shares	—	—	—	33,170	112,799
Average per share option price	—	—	—	$15.20	$16.54

**Share amounts have been adjusted for all stock dividends including a 7% stock dividend declared December 14, 1973.*

ELECTION OF AUDITOR

The Board of Directors recommends the election of Peat Marwick Mitchell & Co. as Auditor of the Company for the 1974 year and thereafter until its successor is elected.

The recommendation of Peat Marwick Mitchell & Co. to serve as Auditor of the Company does not stem from dissatisfaction or disagreement with Haskins & Sells who have served as Auditor of the Company for many years. The decision to recommend a change was based on geographic location and size of audit offices, particularly in foreign countries where

the Company operates, qualification and location of specialists and other factors.

VOTES REQUIRED FOR APPROVAL

Fixing the Number of and Election of Directors: Majority of the outstanding common stock represented at the meeting.

Election of Peat Marwick Mitchell & Co. as Auditor: Majority of the outstanding common stock represented at the meeting.

OTHER MATTERS

The management knows of no other business to be presented at the meeting. If other matters do properly come before the meeting, it is intended that the proxy holders will vote on them in accordance with their best judgment.

By Order of the Board of Directors

S.P. McCURDY
Vice President and Secretary
CASTLE & COOKE, INC.

Honolulu, Hawaii
February 22, 1974

Copies of Castle & Cooke's 10-K report, a corporate operational and financial report filed annually with the Securities and Exchange Commission, are being made available for those who wish to have detailed information about the Company. If you would like a copy, or have any other inquiries about the Company, please write to:

CASTLE & COOKE, INC.
Financial Plaza of the Pacific
P.O. Box 2990, Honolulu, Hawaii 96802
Pacific Coast Office: Fifty California Street, San Francisco, California 94111

Financial Highlights

Operations	Year Ended December 29, 1973	Year Ended December 31, 1972	Nine Months Ended December 31, 1972
		(Unaudited)	
Revenues	**$694,949,000**	$586,892,000	$456,976,000
Income before extraordinary items	**26,876,000**	17,739,000	13,876,000
Net income	**26,876,000**	17,228,000	12,431,000
Earnings per share:			
Before giving effect to March 18, 1974 stock dividend declared December 14, 1973	**2.03**	1.30	.94
Number of shares	**13,259,550**	13,268,303*	13,292,848*
After giving effect to March 18, 1974 stock dividend declared December 14, 1973	**1.89**	1.21	.87
Number of shares	**14,187,688**	14,197,084	14,223,348
Cash dividends	**7,884,000**	7,348,000	
Per share outstanding during each period	**.60**	.60	
Stock dividends:			
Declared February 9, 1973, paid March 26, 1973	**5%**	—	
Declared December 14, 1973, payable March 18, 1974	**7%**	—	
Capital additions	**15,480,000**	16,710,000	
Depreciation expense	**16,701,000**	16,249,000	
Return on average stockholders' equity	**11.44%**	7.83%	
Market price range per share	**12¼-18⅜**	16-20¼	

* Adjusted for stock issued in 1973 in a pooling of interests acquisition and for a 5% stock dividend.

At Year End	1973	1972
Working capital	**$135,973,000**	$128,777,000
Total assets	**567,655,000**	568,463,000
Long-term debt	**137,632,000**	158,453,000
Stockholders' equity	**243,452,000**	226,342,000
Per share	**17.24**	15.86
Number of common shares	**14,119,121**	14,274,210**
Number of stockholders	**22,464**	21,328

** Adjusted to give effect to a 5% stock dividend, a pooling of interests and a 7% stock dividend.

Annual Meeting

The annual meeting of stockholders will be held on April 19, 1974 at 8:30 a.m. in the Company's headquarters, 130 Merchant St., Honolulu, Hawaii. Stockholders of record at the close of business February 22 will be entitled to vote at the meeting. A formal notice of the meeting, together with a proxy statement and proxy form, will be mailed about March 15. Prompt return of your proxy form will be appreciated.

Letter to Stockholders

Net income and revenues of Castle & Cooke, Inc. for the year 1973 were the highest in the Company's history. Results are detailed in the Operations and Financial sections of this report.

For the 52 weeks ended December 29, 1973, the company had net income of $26,876,000 on revenues of $694,949,000. This compared with income of $17,228,000, after an extraordinary charge of $511,000, on revenues of $586,892,000 for the calendar year ended December 31, 1972.

In December, 1973, the company declared a 7% stock dividend to be paid March 18, 1974. Earnings per share in 1973 were $2.03 before giving effect to the stock dividend and $1.89 after giving effect to it. This compared with $1.30 and $1.21, respectively, for 1972.

Improved results of 1973 were due primarily to increased volume of business. We do not regard the 1973 performance as an isolated instance of good fortune. Organizational and operating changes instituted over the past two years and further ones scheduled to be carried out in the year ahead have made this Company much more efficient and effective.

In general, the climate in which our businesses operate nationally and internationally is favorable. We believe that a new, higher base of earnings has been established on which further increments will be added in the future.

• The financial condition of the Company is the strongest it has been in many years. During 1973 debt was reduced by approximately $35 million. In the past two years debt reduction has totaled $56 million. Substantial additional liquid funds were generated in the latter part of 1973. Since these funds were considered surplus for a temporary period, they were placed in short-term investments yielding an average of 9¾%.

Working capital management, operating and capital budgeting have become more effective in controlling the Company's assets and spending. Interest expense has been reasonable despite high interest rates because short-term borrowing was used only by our foreign subsidiaries and real estate subsidiaries. Such borrowing is an important element of business strategy for these operations.

• In 1973 a Corporate Development Department was established to focus more attention on the growth strategies of Castle & Cooke, both internally and through acquisition. Several possible acquisitions are being studied whose operations would fit well with our established lines of business.

The 1974 capital budget approved by the Board of Directors in December is somewhat larger than that of 1973. It concentrates capital investment in growth areas of the business designed to increase earnings in the future. One such area is our seafood business, where demand has been outstripping raw material and processing capabilities.

• The management of Castle & Cooke believes that the day of vast and sometimes unmanageable food surpluses is over. With growing populations and rising standards of living, both in the U.S. and many areas abroad, there is already evidence of a steadily rising demand for all kinds of food products, including those we produce, beyond levels thought possible only a few years ago.

Concurrently, consumer prices of the Company's products are attractive because they are reasonable in relation to alternative options for consumer buying. We believe Castle & Cooke is uniquely structured to take advantage of this demand since we control much of our raw material sources and are not at the complete mercy of outside forces which might determine for us the amounts and prices of our products. Our vertical integration gives us control over costs at each level of production, processing and marketing.

• Likewise, there is a finite supply of good land and an enormous pent-up demand for housing and recreation as new families are formed and established ones prosper. Although housing starts have been at low levels because of high money costs and material shortages, we believe the upward trend of housing development will resume in the not too distant future unless the energy shortage intrudes seriously in this area of the national economy.

The land and real estate operations of Castle & Cooke's subsidiaries in Hawaii and California will benefit in the process, particularly because they have an established record of responsible and sensitive development.

• At the beginning of 1974 Castle & Cooke sold the orchard and processing facilities of its Royal Hawai-

ian Macadamia Nut division to a subsidiary of C. Brewer & Co., Ltd. of Honolulu for $8.5 million cash. The net gain on the sale totaled approximately $3,500,000 and will be reported in 1974 earnings.

The reasons for the sale were two. First, the price was fair and attractive. Second, we had fully developed all of the orchard land we owned and had no further opportunity for production expansion. Brewer has substantial additional acreage suitable for nuts as market demand grows. Castle & Cooke retains the valuable Royal Hawaiian brand name and will continue to market the C. Brewer nut production as part of the Castle & Cooke foods line under a marketing agreement.

• Castle & Cooke is not an energy-intensive company. Yet, like all American business, we are affected to some degree by the international energy crisis. As the new year begins, the world fuel picture can only be characterized as confusing and uncertain.

Fuel shortages affect us primarily in obtaining fuel allocations for the ships carrying our products from foreign production areas to markets primarily in the U.S., Europe and Japan. While we have had to live with month-to-month fuel uncertainties, which are always uncomfortable, no sailing has been cancelled for lack of fuel.

Similarly, there is a growing shortage of fertilizer and other agricultural chemicals having a petrochemical base. Costs of these essential operating supplies are escalating rapidly.

Our managers are unusually resourceful, having become accustomed by the nature of our business to deal with the unexpected. Though the cost and availability of materials impacted by the energy crisis are uncertain, we are confident that our managers will continue to do the best job possible under difficult circumstances.

• In 1973 the Company paid cash dividends totaling 60 cents per share, plus a 5% stock dividend. At the December meeting the Directors declared an additional 7% stock dividend, payable March 18, 1974, and announced their intention to continue the 60-cent dividend including the additional shares. Future cash dividends will be considered by the Directors for payment in March, June, September and December. The Company's dividend policy will be under constant review with the intention that the stockholders will continue to share in our good results.

• The Company suffered a great loss with the death on January 1, 1974 of George G. Montgomery. Mr. Montgomery had served as a Director since 1934 and a member of management for 20 of those years. He was a business statesman who brought unusual wisdom, energy and perspective to Castle & Cooke. He will be sorely missed.

Ernest C. Arbuckle, Chairman of the Board of Wells Fargo Bank, who had served as a Director since 1963, did not stand for re-election at the 1973 Annual Meeting because of time commitments to his own business. He, too, made an outstanding contribution to the Company.

They have been succeeded on the Board by Samuel A. Pond, Associate Dean of the Stanford Graduate School of Business, and James E. Nall, a former executive of Standard Fruit and Steamship Company and now President of the Investment Corporation of Florida.

At the 1973 Annual Meeting, Malcolm MacNaughton was elected Chairman of the Board and Chief Executive Officer, while D.J. Kirchhoff became President and Chief Operating Officer.

• In a year of considerable accomplishment for Castle & Cooke, the employees have earned our thanks and appreciation for the outstanding performance that made the year's results possible.

MALCOLM MacNAUGHTON *(left)*, D.J. KIRCHHOFF

MALCOLM MacNAUGHTON
Chairman of the Board,
Chief Executive Officer

D.J. KIRCHHOFF
President,
Chief Operating Officer

Honolulu, Hawaii
January 30, 1974

Revenues and Earnings by Major Activities

(in thousands)

	Year Ended Dec. 29, 1973		Nine Months Ended Dec. 31, 1972*		Year Ended March 31					
					1972*		1971*		1970*	
Revenues										
Food	**$512,330**	**74%**	$333,634	73%	$396,302	72%	$381,495	74%	$363,880	72%
Merchandising	**76,333**	**11**	57,102	13	64,389	12	61,579	12	58,172	11
Real estate	**50,100**	**7**	24,981	5	38,129	7	28,082	5	44,762	9
Manufacturing	**29,927**	**4**	20,379	4	22,300	4	20,299	4	20,742	4
Services	**20,424**	**3**	16,824	4	20,525	4	18,194	4	17,101	3
Other	**5,835**	**1**	4,056	1	5,709	1	5,016	1	4,330	1
Total	**$694,949**	**100%**	$456,976	100%	$547,354	100%	$514,665	100%	$508,987	100%
Earnings										
Food	**$ 50,115**	**72%**	$ 28,820	75%	$ 25,833	63%	$ 24,793	74%	$ 37,233	71%
Merchandising	**2,150**	**3**	1,541	4	237	1	16	0	2,859	5
Real estate	**4,020**	**6**	2,720	7	9,250	22	4,138	13	5,840	11
Manufacturing	**6,893**	**10**	2,688	7	3,780	9	3,155	9	2,892	5
Services	**5,150**	**7**	2,637	7	1,179	3	457	1	1,910	4
Other	**1,684**	**2**	89	0	675	2	1,024	3	2,083	4
Total	**70,012**	**100%**	38,495	100%	40,954	100%	33,583	100%	52,817	100%
Less unallocated expenses:										
Corporate	**4,654**		3,191		4,139		3,745		3,661	
Interest	**13,532**		10,854		14,545		14,767		11,674	
Income before income taxes	**$ 51,826**		$ 24,450		$ 22,270		$ 15,071		$ 37,482	

* Amounts shown for prior years have been restated for a pooling of interests acquisition and to conform to the 1973 presentation which classifies interest as an unallocated expense.

OPERATIONS

FOOD

	1973	Percent of Total
Revenues	$512,330,000	74%
Earnings	$ 50,115,000	72%

There was a strong consumer demand for our food products throughout the year. With some exceptions noted below, production and marketing conditions were excellent. These combined to produce outstanding results for the Foods Division.

FRESH FOODS

Dole Bananas

Bananas continued to be the largest single contributor to Castle & Cooke's earnings. High volumes of fruit were sold at good prices despite the highly competitive marketing conditions characteristic of the banana industry.

Early in 1973, Dole bananas for the first time took the leadership in the North American market, consistently holding a share in excess of 40%.

In the third quarter of the year there is frequently a decline in prices and imports of bananas due to competition from seasonal fruits. This did not occur in 1973 to the usual extent, primarily due to the high prices of many other fruits. Consumers are becoming increasingly aware that bananas year-round offer one of the best price and nutritional values in the grocery store.

Increasing quantities of fruit were shipped to Europe where our market share continued to improve. The Dole label was successfully introduced during the year on our bananas in the Northern European market.

Shipments into Japan were severely penalized during much of the year because of a serious drought in the Philippine production areas. The drought ended, however, and our production was returning to normal levels as the year ended. Good volumes of fruit are forecast for Japan in 1974, further increasing our share of the market there.

The new Nicaragua division continued to increase its output of fruit for markets in the Western U.S. and Canada. The Ecuador division, where we buy fruit on the open market from independent growers, was strengthened to assure us of an increasing flow of Dole-quality fruit for the U.S. and Europe, supplementing supplies from Central America.

Dole Fresh Pineapple

Shipments of Dole fresh pineapple from Hawaii increased as new markets were opened and established ones expanded. Fruit quality continued to improve and consumer demand increased. Operations were profitable.

By far the largest proportion of our fruit is marketed in the Western U.S. where it is shipped from Honolulu in refrigerated containers by sea. New markets for this fruit are being opened in the Midwest as our distribution methods improve.

A major breakthrough was achieved in 1973 when the Civil Aeronautics Board granted a new, lower freight rate on air shipments from Honolulu to key Midwestern and Eastern cities, making it economically attractive for the first time to ship fully-ripe Hawaiian fruit, picked less than 48 hours earlier, to these areas. "Jet-Fresh" Dole pineapple was initially marketed in the Dallas and Chicago areas in the late summer and distribution was expanded to New York and other major markets in November. "Jet-Fresh" fruit is sold at premium prices primarily in higher-income retail outlets.

We believe that fresh fruit holds great promise for Hawaii's pineapple industry.

Dole bananas become No. 1 in North American market for the first time; Dole's fresh pineapple gets jet assist in expansion across U.S.

Shady Oak Mushrooms

West Foods, Inc., our new mushroom subsidiary acquired in April, 1973, reported an excellent improvement in earnings over those of the prior year.

The largest mushroom producer in the Western states, it markets fresh, canned and marinated mushrooms, with the fresh product being the largest and most profitable part of the business.

Since acquisition, Castle & Cooke's fresh marketing organization has increased the proportion of West's total mushroom production sold on the fresh market from approximately 68% to 75% and plans further increases.

Production capacity at the three plants in Salem, Oregon, and Soquel and Ventura, California, is being increased by 15% in 1974 through construction of new growing houses and modernization of existing ones.

This new addition to the family of Castle & Cooke Foods is described in greater detail in a special section on Pages 11-13.

PROCESSED FOODS

Dole Pineapple

Earnings from Dole processed pineapple products increased over last year. This was in spite of the severance and other costs associated with the difficult and painful process of reducing our processing operations in Hawaii.

As this report goes to press, labor negotiations are underway between the International Longshoremen's & Warehousemen's Union and the Hawaiian pineapple and sugar industries. These negotiations are always complex and it is too early to forecast their outcome.

Production at the Dolefil pineapple operation in the Philippines was adversely affected by the same drought that severely reduced banana tonnage, although not to the same degree. Modest additional acreage was planted.

The new Dole cannery in Thailand is scheduled to begin operations in early March, 1974. Output initially will be small, building to full production in 1977.

A major new program has begun to simplify the pineapple pack by reducing the number of can sizes and fruit cuts. It is designed to cut production, marketing and inventory-carrying costs.

Bumble Bee Seafoods

Our seafood operation achieved record sales and earnings in its 75th anniversary year. Sales exceeded $100 million for the first time, establishing the 18th consecutive annual sales record for seafood.

Again, as in 1972, results were adversely affected by the extremely poor runs of salmon in Alaska, and by pricing restrictions imposed by the Cost of Living Council.

All canneries in Alaska experienced high costs because of the low runs. In advance of each season, heavy investments must be made in operating supplies and commitments for labor for the remote Alaskan locations, without knowing in advance the size of the ensuing runs.

Unlike most of its competitors in salmon, Castle & Cooke is a Category I company and must obtain COLC approval in advance to adjust prices to reflect these costs. Appropriate approval has been denied by COLC. The result has been that salmon produced by most of our competitors covered by more liberal price regulations is marketed in the U.S. at prices up to $20 a case in excess of those permitted us. Confronted with this inequitable application of price control regulations, we were forced to commit most of the 1973 salmon pack to export in order to earn sufficient profit to permit us to compete for salmon purchases next season.

Shady Oak mushrooms join food group; Dole canned pineapple profits rise; Bumble Bee Seafoods has record year.

Production and sales of both canned white and light meat tuna were at record levels in 1973. There was severe competition in the consumer market as well as for raw tuna supplies which sold at record high levels. Nevertheless, tuna operations showed good earnings.

Our "gourmet" line of Figaro pet foods was successfully and profitably marketed.

We entered into a joint venture with a large Korean fishing company to acquire and operate six long-line tuna vessels. Three began operations in 1973 and the others will be commissioned early in 1974. They will fish the Atlantic Ocean, with the fish being processed at our Cambridge, Maryland, cannery.

In October, 1973, the Company and the Government of Surinam organized a separate Surinam corporation to purchase 20 shrimp vessels from a U.S. shipyard. They will operate under our management, fishing for shrimp in South American waters adjacent to Surinam.

Plans for establishment of a new tuna cannery in American Samoa were announced early in 1974. Construction is expected to start in the fall of 1974, subject to favorable site suitability studies and the obtaining of required permits and authorizations from the Samoan and Federal governments. The cannery is projected to cost more than $7.5 million, and initially will have a 100-ton per day canning capacity. Tuna supplies will come from foreign long-line fisheries conducted in Samoan and other South Pacific waters. The new cannery will add roughly one-third to our tuna canning capabilities and is strategically located with respect to proven fishing grounds.

Sugar

Although refined sugar deliveries by California and Hawaiian Sugar Company were somewhat below those of 1972, C and H's returns to Castle & Cooke were at a record level of $180.60 per ton, a gain of more than $20 per ton over 1972.

Waialua Sugar Company had a very good year and reported excellent earnings because of the higher prices. As Dole pineapple lands adjacent to Waialua on the Island of Oahu are withdrawn from pineapple production, approximately 3,250 acres will be planted in sugar in the next three years, providing Waialua with a substantial increase in future production. The first incremental acreage will be harvested in the 1975 crop year.

Phase-out of sugar operations at Kohala continued.

Macadamia Nuts

Nut production declined because of a severe drought on the Island of Hawaii and the 1973 crop was late in beginning. This, in turn, severely restricted supplies available in the market and during a period of time many markets were out of stock. As reported in the Letter to Stockholders, the production and processing operations of this division were sold at the beginning of 1974. We will continue marketing the nuts.

FOOD-RELATED ACTIVITIES

Honduras

Our Honduran brewery and soft drink company, Cerveceria Hondurena, S.A., and its affiliated companies reported excellent results from significant increases in volume. A new brew house and bottling line were added to the main brewery in San Pedro Sula. The new soft drink plant which began operation a year ago performed very well.

Hawaii

Other major food-related products and services are centered in Hawaii. These include can manufacturing for outside sale, contract soft drink canning for major accounts and the processing of pineapple bran cattle feed and other pineapple by-products. These operations were satisfactory and profitable.

Sugar enjoys excellent year; macadamia nut production sold but marketing is retained; Honduran beer and soft drink business thrives.

MERCHANDISING

	1973	Percent of Total
Revenues	$76,333,000	11%
Earnings	$ 2,150,000	3%

Castle & Cooke Merchandising Corporation, the retail and wholesale merchandising subsidiary based in Brisbane, California, near San Francisco, reported increases in sales and earnings, compared with the 12 months of 1972.

This result was achieved despite difficult Cost of Living Council pricing regulations which seriously penalized earnings.

Castle & Cooke Merchandising now operates 23 Value Giant self-service department stores in California. The newest store was opened in Eureka, California, in November, 1973.

Plans have been completed to open two additional Value Giant units in 1974. One will be in Paradise, California, scheduled for opening at mid-year. The second will be a 35,000-square-foot unit in a shopping center at The Dalles, Oregon, approximately 60 miles east of Portland on the Columbia River. Scheduled for opening in the fall of 1974, it will be the Company's first unit in Oregon.

Several additional sites for 1974 opening in California and Oregon are now under active consideration. The company is planning construction of a larger office and warehouse building in Brisbane, which will be leased.

During 1974, merchandising operations were also expanded by assumption of the master lease of the Merit Mart store in Bremerton, Washington. CCMC has operated several departments in this large shopping facility for the past five years and will now operate the entire store. At 132,000 square feet, it is the largest retail unit in the Company's chain.

Hawaiian Equipment Company, the heavy equipment distributing division, reported a 17% increase in sales, and earnings were higher than those of the prior 12 months, which had been depressed because of shipping strikes.

In 1973, management also instituted new programs to increase profitability by selectively weeding out low volume or low margin product lines.

A key factor in the operation of Hawaiian Equipment, located far from mainland suppliers, is to achieve the proper balance between timely delivery of equipment to fill new orders while not building up burdensome inventories of unsold units. Supply and ship scheduling problems have made this a constant challenge during 1973 and probably will continue to do so in 1974.

REAL ESTATE

	1973	Percent of Total
Revenues	$50,100,000	7%
Earnings	$ 4,020,000	6%

The climate in which the real estate industry operates today is far different from that of just a few years ago. Projects, particularly the larger ones in which Castle & Cooke subsidiaries specialize, are much slower to get into operation and therefore more costly. This is due to the far greater time and work necessary to move prospective projects through public approval procedures because of the additional environmental reports and public hearings required. This situation affects the real estate projects across the board.

Consolidated results from real estate activities increased over the 1972 nine-month fiscal period.

In Hawaii, Oceanic Properties' Mililani Town on Oahu again set new sales and earnings records. While some softening of the market became apparent at year's end because of high money costs and the public's concern over gasoline shortages, demand for residences at Mililani Town is expected to continue strong in 1974.

Sales, profits increase at Castle & Cooke Merchandising as expansion continues; net improves at Hawaiian Equipment.

A typical modern Value Giant self-service store

The State Land Use Commission granted an additional 306 acres of urban zoning to Mililani in October.

An agreement was signed between Oceanic and the Hawaiian Housing Authority to develop 96 low-cost housing units for the account of HHA. This is a significant breakthrough for a private developer working with government to alleviate the acute shortage of low-cost housing on Oahu. Similar projects are in the planning stage.

Ground was broken for the first phase of 300 units of a 900-unit condominium project adjacent to the new Pearl Ridge shopping center on Oahu.

The State Land Use Commission approved zoning for Oceanic for the new General Plan of the Island of Lanai. Adoption of the plan is being challenged by an environmental group.

In California, losses were suffered at The Sea Ranch and by Barclay Hollander Curci. The Los Angeles-based property development subsidiary was hit by the depressing effects of high mortgage rates on the Southern California housing market and losses in its mobile home parks joint venture.

The Sea Ranch, the country home development on the Northern California coast, has sustained a marked slowdown due to effects of the State Coastal Conservation initiative passed in 1972. Discussions with the Central Coast Conservation Commission are being held relative to ways of obtaining permit approvals by the Commission. Meanwhile, activity on the Ranch has been at a minimum and consequently operations showed a loss.

Barclay Hollander Curci's main construction efforts are now centered on condominium developments within close-in urban localities of Southern California.

There has been strong market acceptance of its condominium project at Marina Del Rey in Los Angeles, a joint venture with Great Western Savings and Loan Association. Another condominium project enjoying good sales volume is in the Woodland Hills area of Los Angeles.

At Mountaingate, the 870-unit luxury residential development in Los Angeles, final engineering will be completed in the first half of the year, and construction of the first model homes is expected to begin in late 1974 following approval by appropriate city agencies. The first of two 18-hole golf courses is completed and will be playable in mid-year.

For the second consecutive year, losses were experienced in the mobile home parks joint venture. As a result, this operation is being substantially curtailed.

The Wilshire Metropolitan Medical Center building in Los Angeles was sold by Oceanic, with payments spread over a 10-year period.

In Northern California, a revised plan has been completed for the 10,000 acres adjacent to Lake Anderson in Santa Clara County, south of San Francisco. This plan of Oceanic California is under review by various governmental agencies. It calls for a high density urban center integrated with the existing Riverside golf course owned by the company, adjacent to a new main north-south freeway now under construction. A more rural character is planned for the bulk of the property surrounding Lake Anderson.

Bulk land transactions occur sporadically. In 1973 four transactions were completed with a net gain of $2,614,000. There were no bulk land transactions in the 1972 nine-month period.

Real estate profits gain as Mililani Town reports record year; Lanai zoning is approved for master plan.

A neighborhood recreation center at Mililani Town

MANUFACTURING

	1973	Percent of Total
Revenues	$29,927,000	4%
Earnings	$ 6,893,000	10%

Arneson Products, Inc., manufacturer of the "Pool Sweep" automatic swimming pool cleaner, reported record sales and earnings for the fourth consecutive year.

New programs to expand the present dealer network enabled Arneson to make a further penetration in the U.S. market. Concurrently, improvements to the cleaner have been added to simplify installation and accomplish pool cleaning in even less time than before. The improved unit in all instances requires less energy to operate.

Republic Glass Corporation of Manila (61% owned by Castle & Cooke) achieved substantially higher sales and earnings for its flat glass products.

Domestic and export sales were excellent during the first three quarters of the year, but decreased in the last quarter as the Philippine construction industry was slowed by the fuel shortage there. Initial test runs of the new tempered glass plant to supply the new automobile assembly plants in the Philippines began in January, 1974. Republic initially will supply automotive glass for Delta Motors Corporation's Toyota and Chrysler's Dodge Colt and Minica models.

Record sales and earnings were also reported by Thai-American Steel Works Company of Bangkok (55% owned) due to excellent marketing conditions for steel pipe prevailing throughout the year. The company found it advantageous to acquire substantial steel scrap inventories early in the year, and as expected, prices of these items rose substantially later in the year.

Malaysian Rock Products (72% owned), our quarrying operation in Kuala Lumpur, reported earnings equal to the excellent ones of 1972. The 1973 and 1974 years are ones in which MRP is expanding its capacity, raw material sources and marketing efforts.

SERVICES

	1973	Percent of Total
Revenues	$20,424,000	3%
Earnings	$ 5,150,000	7%

Castle & Cooke Terminals experienced a 10% increase in revenues. Although no work stoppages occurred in 1973, wage and benefit increases negotiated earlier in the year did not receive Cost of Living Council approval until late in the year, and then were made retroactive to completion of negotiations. Rates for our services could not be increased to reflect the additional costs until COLC approval was received. This created a lag which depressed profits for the year.

The trucking companies, Oahu Transport and Hawaiian Hauling Service, benefited in 1973 from the management reorganization of 1971 and 1972. Both revenues and earnings were ahead of 1972.

Although the fuel picture creates uncertainties for 1974, sufficient fuel has been allocated for the early months of the year.

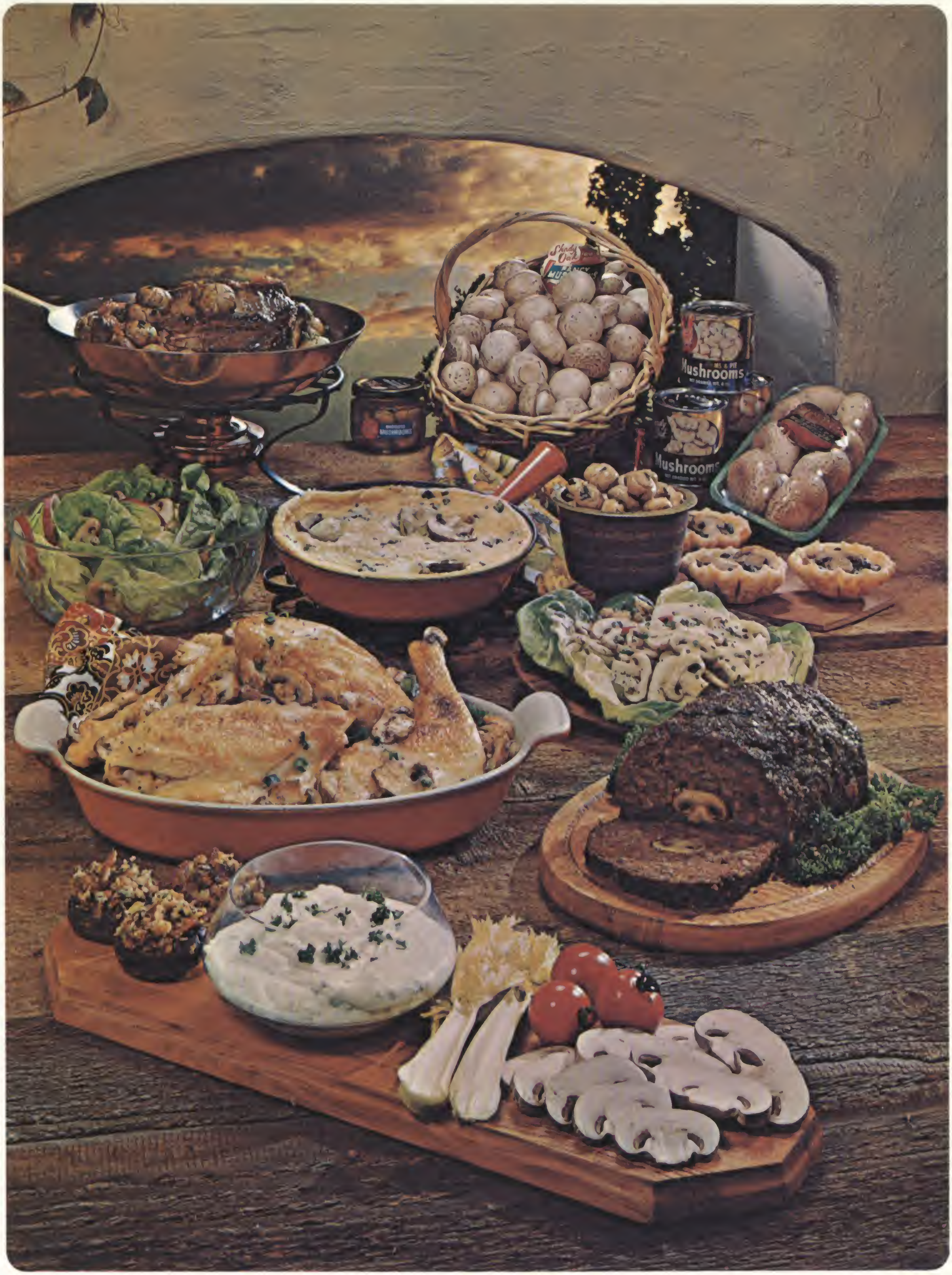
Pacific Air Cargo Service (71% owned), the air cargo business acquired in 1972, sustained a net loss and is being carefully studied to determine what its future may be.

Kawaihae Terminals on the Island of Hawaii (55% owned) produced its normal profit, which, although small, is a reasonable return on the investment. New contracts for additional business have been signed and are estimated to provide a significant increase in future earnings.

On the following page is an array of delectable mushroom dishes developed by Castle & Cooke Foods' Consumer Service Department. Free recipe booklets may be obtained by writing: Patricia Collier, Castle & Cooke Foods, 50 California Street, San Francisco, California 94111.

"Pool Sweep" earnings hit record high; Asian manufacturing operations also advance; Hawaii stevedoring, trucking firms gain.

Ingenious "Pool Sweep" in operation


Mushrooms
Mushrooms

INTRODUCING SHADY OAK MUSHROOMS

West Foods, Inc., acquired by Castle & Cooke in April, 1973, in exchange for 420,000 shares of stock, brings an important new product to our line of high quality foods. It is the largest producer of mushrooms in the West and is solidly established in the rapidly-growing U.S. mushroom industry.

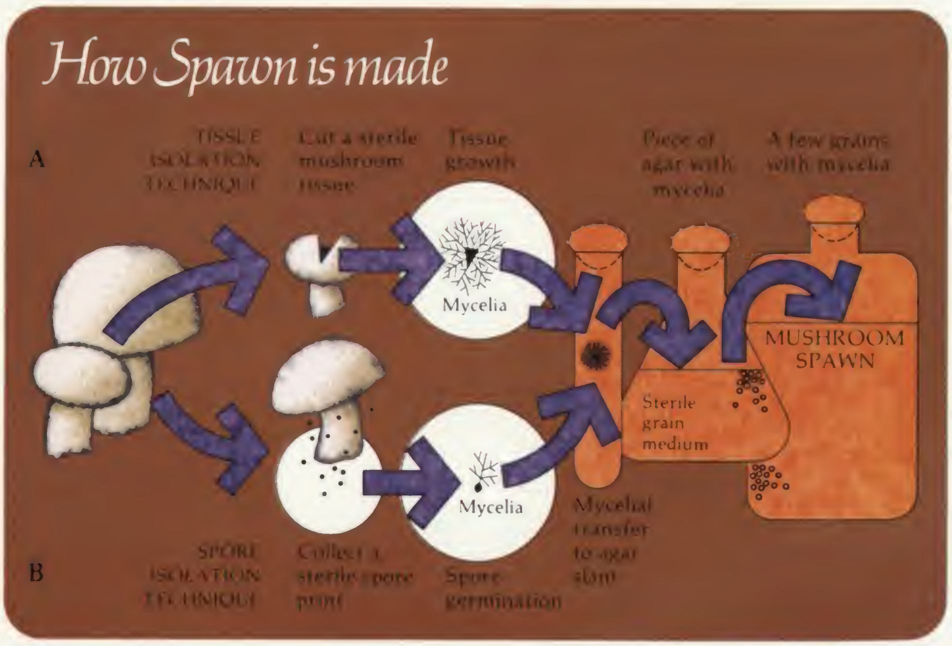
The company goes back to 1935 when Mr. and Mrs. Roland West started a small mushroom farm in Salem, Oregon, and sold their production door to door. It was incorporated in 1947.

West Foods has three production locations. The original facility at Salem, now vastly expanded, includes a new and ultramodern cannery. Soquel and Ventura, California, are the other growing locations. The late Roland West has been succeeded as the president of the company by his brother, Howard.

West Foods is proving to be a perfect fit for Castle & Cooke. Approximately 75% of its production is sold fresh and is now marketed by the experienced Foods Division fresh sales organization. The balance of the production is canned or marinated in oil and spices. West Foods is also a principal supplier to a major mushroom soup processor.

The perishability of fresh mushrooms dictates unusual care in handling and shipping. The principal constraint upon market area is the distance between the producer and the supermarket. Since fresh mushrooms should have a shelf life of about 10 days after reaching the grocery shelf, the practical radius of distribution is 700 to 800 miles.

Mushrooms are among the fastest growing segments of the U.S. food industry. Total consumption has grown at a compound rate of 12% annually and is expected to grow at least 10% yearly over the next five years. Sales of fresh mushrooms, now 30% of total consumption, are expected to grow even faster.



Seed material for mushrooms is called spawn. It is grown under sterile laboratory conditions from the spores taken from a mature mushroom or sections cut from the cap. Thread-like mycelia which develop are inoculated into sterilized wheat.

1

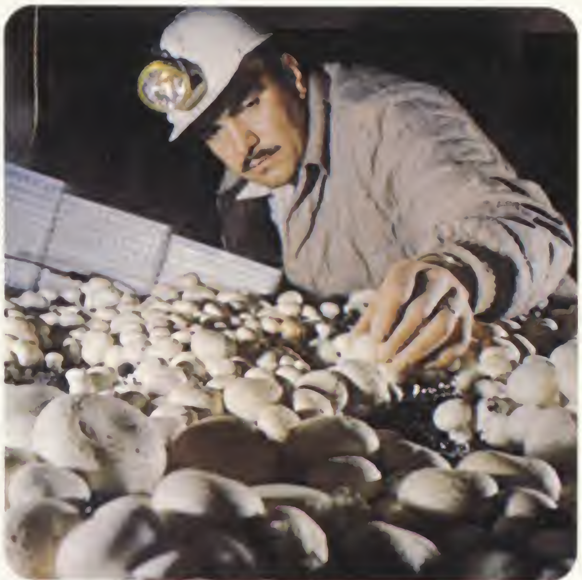
2

4

1. Small white nodules on the left are the spawn ready for planting. On the right is a mature mushroom which develops three weeks later.

2. Carefully formulated compost ferments and steams to develop food for the mushroom, then is pasteurized before becoming the growing bed. Mushroom-growing houses are windowless, air conditioned buildings containing tiers of beds.

3. Working in total darkness and using miner's lights, skilled employees carefully harvest only mature mushrooms. Beds are picked many times before they are exhausted and a new cycle begins.



3

4. Rushed from growing houses to refrigerated rooms, mushrooms are then packed in bulk containers, trays and tubs. They are shipped promptly to market in refrigerated trucks.

Summary of Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Castle & Cooke, Inc. and all subsidiaries except several small companies which are not considered to be permanent investments. Inter-company accounts and transactions of material amounts are eliminated. Accounts carried in foreign currencies are translated into U.S. dollars as follows: current assets and liabilities at year-end exchange rates; long term assets and liabilities at historical exchange rates; and income and expenses (other than depreciation) at average exchange rates during the year. Exchange adjustments, which are not material for the year ended December 29, 1973 and for the nine months ended December 31, 1972, are included in net income.

Agricultural Operations

Growing crops consist of pineapple and sugar crops in Hawaii and are stated at static values, which are substantially less than current costs. Except for new major agricultural developments, the costs of growing all crops are charged to operations as incurred. Costs in excess of revenues relating to new major agricultural developments of pineapple plantations and banana farms are deferred during the formative stage and amortized over periods usually based on the length of various grower agreements.

Real Estate Operations

Real estate projects, consisting primarily of projects in various stages of development and unimproved land, are stated at the lower of cost or market. Land development costs are allocated to individual lots on the basis of relative sales values or average costs per acre. Carrying charges, including interest and property taxes, are added to the cost of the related projects until the development is completed and ready for sale. Portions of real estate projects currently offered for sale and estimated to be sold within one year are included in inventories.

Revenue from real estate operations is recognized when title to the property and all related risks of ownership are conveyed to the buyer and collectibility of the sales price is reasonably assured.

Investments

Investments in unconsolidated subsidiaries and other affiliates, over which the Company exercises significant influence, are stated at equity in net assets. Other investments are stated at cost.

Operating Plant and Equipment

Operating plant and equipment are stated at cost, less accumulated depreciation. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets or, for leasehold improvements, the remaining lease term, if shorter.

Income Taxes

Consolidated income tax expense is less than amounts computed using U.S. statutory rates applicable to ordinary income, principally as a result of lower tax rates applicable to certain foreign income and to capital gains.

Deferred taxes are provided for timing differences in the reporting of certain items for financial statement and tax return purposes. Such differences arise principally from the use of different methods for valuing inventories and in the reporting of depreciation, loss on operations to be terminated, and certain real estate revenues.

Appropriate U.S. and foreign income taxes are accrued on earnings of subsidiaries which are intended to be remitted to the Parent Company in the near future. Taxes are not provided on unremitted earnings of subsidiaries which have been or are intended to be permanently reinvested. At December 29, 1973, such undistributed earnings, exclusive of those amounts which if remitted would result in little or no tax, aggregated $15,872,000. If taxes had been provided on such earnings, the estimated total of such taxes would have been $6,034,000.

Investment tax credits, which have not been material, are applied as a reduction of current income tax expense in the year assets are placed in service.

Consolidated Statement of Income

	Year Ended Dec. 29, 1973	Year Ended Dec. 31, 1972 (Unaudited)	Nine Months Ended Dec. 31, 1972
	(in thousands, except per share amounts)		
Revenues			
Food	**$512,330**	$425,835	$333,634
Merchandising	**76,333**	70,947	57,102
Real estate	**50,100**	39,975	24,981
Manufacturing	**29,927**	24,965	20,379
Services, including rentals	**20,424**	20,386	16,824
Dividends, interest and other revenues	**5,835**	4,784	4,056
Total	**694,949**	586,892	456,976
Costs and Expenses			
Cost of products and merchandise sold (except depreciation)	**489,451**	397,963	308,748
Selling, service, general and administrative expenses	**123,439**	126,670	100,040
Depreciation	**16,701**	16,249	12,884
Interest	**13,532**	14,247	10,854
Total	**643,123**	555,129	432,526
Income Before Income Taxes	**51,826**	31,763	24,450
Income taxes:			
Current	**26,340**	5,703	6,956
Deferred	**(3,813)**	6,654	2,344
Total	**22,527**	12,357	9,300
Income before minority interests	**29,299**	19,406	15,150
Minority interests	**2,423**	1,667	1,274
Income before extraordinary items	**26,876**	17,739	13,876
Extraordinary items	**—**	(511)	(1,445)
Net Income	**$ 26,876**	$ 17,228	$ 12,431

Earnings Per Share			
Primary:			
Income before extraordinary items	**$ 1.89***	$ 1.25*	$ .97*
Net income	**$ 1.89***	$ 1.21*	$ .87*
Fully diluted:			
Income before extraordinary items	**$ 1.83**	$ 1.22	$ .95
Net income	**$ 1.83**	$ 1.19	$ .85

* Earnings per share have been restated to give effect to the 7% stock dividend declared in December 1973 and payable in March 1974. The effect of the restatement was to reduce primary earnings per share 14¢ in 1973 and 9¢ and 7¢ per share for the 12 months and nine months ended December 31, 1972, respectively.

See Notes to Consolidated Financial Statements.

Consolidated Balance Sheet

	Dec. 29, 1973	Dec. 31, 1972
	(in thousands)	
Current Assets		
Cash and short-term investments	**$ 33,791**	$ 19,293
Accounts receivable — net	**77,543**	75,982
Inventories	**155,839**	166,039
Prepaid expenses	**4,837**	5,916
Total current assets	**272,010**	267,230
Growing Crops	**3,681**	3,885
Real Estate Projects	**35,116**	32,414
Investments		
Unconsolidated subsidiaries	**2,336**	2,753
Other affiliates	**11,758**	8,945
Other	**4,486**	3,734
Land — At cost	**28,575**	28,888
Operating Plant and Equipment — Net	**130,965**	140,483
Non-Current Receivables — Net	**42,467**	42,760
Other Assets		
Agricultural development costs	**20,767**	20,235
Other	**15,494**	17,136
Total	**$567,655**	$568,463

See Notes to Consolidated Financial Statements.

	Dec. 29, 1973	Dec. 31, 1972
	(in thousands)	
Current Liabilities		
Notes payable	**$ 28,828**	$ 25,977
Current portion of long-term debt	**18,297**	35,576
Accounts payable — trade	**35,104**	34,190
Income taxes payable	**21,010**	6,990
Other accrued liabilities	**24,448**	23,533
Deferred income taxes related to current assets	**8,350**	12,187
Total current liabilities	**136,037**	138,453
Long-Term Debt	**137,632**	158,453
Deferred Credits		
Reserve for loss on operations to be terminated	**9,928**	9,065
Deferred income taxes	**7,459**	7,435
Deferred income on real estate sales	**8,780**	6,996
Other	**5,839**	4,620
Total deferred credits	**32,006**	28,116
Minority Interests	**18,528**	17,099
Stockholders' Equity		
Capital stock	**141,207**	129,131
Capital in excess of par value	**23,170**	17,907
Capital from acquisition of subsidiaries' stock	**16,969**	16,969
Retained earnings	**62,160**	68,162
	243,506	232,169
Less cost of treasury stock	**54**	5,827
Total stockholders' equity	**243,452**	226,342
Total	**$567,655**	$568,463

Consolidated Statement of Changes in Stockholders' Equity

	$10 Par Value Capital Stock	Cost of Treasury Stock	Capital in Excess of Par Value	Retained Earnings
		(in thousands)		
Balance, April 1, 1972	$123,303	$ (5,651)	$22,318	$59,749
Restatement — West Foods, Inc. pooling	4,200	—	(3,757)	1,694
Restated	127,503	(5,651)	18,561	61,443
Stock options exercised	693	—	278	—
Adjustment of shares issued in prior acquisitions	935	(176)	(935)	—
Net income	—	—	—	12,431
Cash dividends ($.40 per share)	—	—	—	(5,525)
Change in fiscal year of pooled company	—	—	—	(187)
Other changes — net	—	—	3	—
Balance, December 31, 1972	129,131	(5,827)	17,907	68,162
Stock options exercised	230	—	66	—
5% stock dividend paid March 26, 1973	6,164	—	3,082	(9,246)
7% stock dividend payable March 18, 1974	9,237	—	2,540	(11,777)
Acquisition of treasury shares	—	(2,270)	—	—
Retirement of treasury shares	(3,555)	8,043	(517)	(3,971)
Net income	—	—	—	26,876
Cash dividends ($.56 per share)	—	—	—	(7,884)
Other changes — net	—	—	92	—
Balance, December 29, 1973	$141,207	$ (54)	$23,170	$62,160

See Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Financial Position

	Year Ended Dec. 29, 1973	Nine Months Ended Dec. 31, 1972
	(in thousands)	
Sources of Working Capital		
Income before extraordinary items	**$26,876**	$13,876
Add items not requiring outlay of working capital:		
Depreciation and amortization	**18,738**	14,328
Income applicable to minority interests	**2,423**	1,274
Other	**887**	217
Provided from operations	**48,924**	29,695
Extraordinary items — including $4,429 not affecting working capital	**—**	2,984
Additions to long-term debt	**6,863**	39,197
Sales of capital stock under stock option plan	**296**	972
Increase in deferred income and other credits	**3,003**	621
Dispositions of property	**8,610**	1,505
Dispositions of investments	**1,365**	3,905
Total	**69,061**	78,879
Applications of Working Capital		
Additions to property	**15,480**	9,557
Cash dividends	**8,755**	6,185
Reduction of long-term debt	**27,684**	45,834
Purchase of treasury stock	**2,270**	—
Additions to investments	**4,513**	3,823
Increase (decrease) in real estate projects	**2,702**	(1,983)
Other applications	**461**	1,261
Total	**61,865**	64,677
Increase in working capital	**$ 7,196**	$14,202
Changes in Working Capital Components		
Cash and marketable securities	**$14,498**	$ 5,498
Accounts receivable	**1,561**	14,734
Inventories	**(10,200)**	13,760
Prepaid expenses	**(1,079)**	(632)
Notes payable and current portion of long-term debt	**14,428**	1,791
Accounts payable and other accrued liabilities	**(1,829)**	(12,955)
Income taxes payable	**(14,020)**	(3,199)
Deferred income taxes related to current assets	**3,837**	(4,795)
Increase in working capital	**$ 7,196**	$14,202

See Notes to Consolidated Financial Statements.

See Summary of Accounting Policies on page 14.

Change in Fiscal Year

The consolidated financial statements of Castle & Cooke, Inc. and its subsidiaries for the nine months ended December 31, 1972 reflect a change in the Company's fiscal year from one ending March 31 to a calendar year. An unaudited statement of consolidated income for the calendar year ended December 31, 1972 is presented in this report for comparative purposes.

Acquisition

The Company acquired West Foods, Inc. on April 19, 1973 in exchange for 420,000 shares of its common stock. The acquisition has been accounted for as a pooling of interests, and accordingly, periods prior to the acquisition have been restated to include West Foods. The effect of such restatement was not material.

Inventories

Inventories, stated at the lower of cost (principally first-in, first-out) or market, consisted of the following:

	1973	1972
	(in thousands)	
Finished products and raw materials (principally food)	$ 88,222	$ 98,894
Real estate projects completed or under construction	20,993	18,075
Merchandise purchased	16,789	15,483
Operating supplies	29,835	33,587
Total	$155,839	$166,039

Foreign Operations

Total assets in foreign countries at the end of 1973 were $196,593,000, including $80,609,000 of current assets. This compares with $192,254,000 and $61,842,000, respectively, at the end of 1972. A substantial part of these assets are employed to produce food products for sale in the United States. Foreign sales represented 17% of total revenues in both 1973 and 1972.

Operating Plant and Equipment

Major classes of operating plant and equipment were:

	1973	1972
	(in thousands)	
Real estate improvements	$ 32,947	$ 32,167
Buildings	68,505	74,261
Machinery and equipment	169,669	176,984
Utility systems	23,435	16,415
Construction in progress	8,012	4,626
Total cost	302,568	304,453
Less accumulated depreciation	171,603	163,970
Operating plant and equipment—net	$130,965	$140,483

Financing

The Company has $20,500,000 in unsecured short-term credit lines from 20 domestic banks. The Company has informally agreed to maintain compensating balances which are generally the greater of 10% of the credit line or 20% of any loan amount outstanding under the credit line. No loans were outstanding under these credit lines at December 29, 1973.

In 1972 the Company arranged for a revolving credit commitment from a group of nine domestic banks. The agreement enabled the Company to borrow up to

$45 million until August 1975. During 1973, the Company reduced the commitment to $36 million. Any amount outstanding at August 1975 may, at the Company's option, be converted to a term loan repayable in 20 equal quarterly installments beginning November 1975. A commitment fee of ½% is paid on any amount not drawn down. The Company has also informally agreed to provide compensating balances equal to 10% of the commitment, plus 5% of any loan amount outstanding under the agreement. No loan was outstanding under this commitment at December 29, 1973.

Compliance with compensating balance requirements on both the unsecured credit lines and the revolving credit commitment is determined on an average basis so that on any given date, none of the Company's cash is restricted by compensating balance agreements. During the year ended December 29, 1973, the Company was in compliance with its compensating balance requirements.

Short-term notes payable at December 29, 1973 and December 31, 1972 were comprised principally of borrowings by the Company's real estate subsidiaries, which are used to finance various real estate projects, and borrowings by certain foreign subsidiaries for working capital requirements.

Long-term debt at December 29, 1973 and December 31, 1972, less current maturities, is summarized below.

The debentures are convertible at any time into common stock at a rate of one share for $31.28 of debenture principal. Full conversion would require 959,080 shares. Annual sinking fund payments of 5% of the principal amount outstanding at March 1, 1979 will begin in 1980 and continue through 1994, at which time the remaining balance is payable.

Payments on long-term debt other than real estate notes are due in the following years as follows: 1974, $12,185,000; 1975, $9,893,000; 1976, $6,284,000;

	1973	1972
	(in thousands)	
5⅜% Convertible Subordinated Debentures	$ 30,000	$ 30,000
Unsecured notes:		
Fluctuating interest rate based on prime, maturing serially to 1974; 1973—6%; 1972—6%	3,789	7,025
Fluctuating interest rate based on Eurodollar interbank rates, maturing serially from 1974 to 1979; 1973—range of 8% to 11¼% (average 10.4%); 1972—range of 7½% to 8% (average 7.7%)	23,957	25,557
8⅞%, maturing serially from 1977 to 1996	34,627	34,598
8%, maturing serially from 1978 to 1987	15,000	15,000
Other, maturing serially to 1982; 1973—range of 5.5% to 12¾% (average 9.4%); 1972—range of 5¼% to 12¾% (average 8%)	6,502	8,289
Collateralized notes:		
Real estate notes payable; 1973—range of 6% to 10¾% (average 10.4%); 1972—range of 6% to 10% (average 7.3%)	6,087	18,568
Mortgage, installment and other notes payable, maturing at various dates to 1993; 1973—range of 4.8% to 10½% (average 6.8%); 1972—range of 4.8% to 10½% (average 6.2%)	17,670	19,416
Total	$137,632	$158,453

1977, $2,932,000; 1978, $4,356,000; and thereafter, $108,080,000.

In addition, real estate notes relating to real estate projects and land held for development are payable as units are sold or as related installment contracts are collected.

Certain land, operating plant and equipment, real estate projects and notes receivable (aggregate cost: 1973, $85,897,000; 1972, $93,326,000) are pledged to short-term and long-term collateralized notes.

Provisions of the debenture indenture and other credit agreements require maintenance of minimum working capital, current ratios and debt ratios, and impose restrictions on payment of cash dividends by the Company and certain subsidiaries. At December 29,1973, $13,347,000 of retained earnings were not restricted for payment of cash dividends.

Stockholders' Equity

Authorized capital consists of 1,000,000 shares of no par value preferred stock, none of which has been issued, and 25,000,000 shares of $10 par value common stock. At December 29, 1973 and December 31, 1972, 14,119,121 shares and 12,725,127 shares were outstanding and 1,550 shares and 187,943 shares, respectively, were in treasury.

At December 29, 1973, 1,437,793 shares were reserved for the conversion of debentures and exercise of stock options.

A 5% stock dividend was paid to stockholders on March 26, 1973. On December 14, 1973, the Board of Directors declared a 7% stock dividend distributable on March 18, 1974 to stockholders of record January 11, 1974. Prior periods' per share amounts have been adjusted to reflect both of these dividends.

Upon declaration of the stock dividends, the estimated fair market value of the shares ($21,023,000) was transferred from retained earnings to capital stock and capital in excess of par value.

Stock Options

The Company has qualified stock option plans under which options to purchase its common stock may be granted to officers and key employees of the Company and its subsidiaries. Option periods run for five years, and option prices are the market prices on the dates of grant. The options become exercisable cumulatively in equal amounts on each anniversary of the grant except that shares applicable to the last two years of each option period become exercisable one year prior to the end of such period.

At the 1973 annual stockholders' meeting, approval was granted for a 1973 stock option plan for 200,000 shares.

Stock option transactions during the latest two fiscal periods, as adjusted for the 5% and 7% stock dividends declared in 1973, are summarized as follows:

	Shares	Average Per Share	Total (000)
Balance outstanding, April 1, 1972	324,615	$16.81	$5,458
Options granted	36,176	16.17	585
Options exercised	(77,882)	12.48	(972)
Options cancelled	(13,684)	17.54	(240)
Balance outstanding, December 31, 1972 (31,938 exercisable)	269,225	17.95	4,831
Options granted	187,721	15.86	2,977
Options exercised	(25,913)	11.44	(296)
Options cancelled	(16,790)	18.58	(312)
Balance outstanding, December 29, 1973 (14,173 exercisable)	414,243	$17.38	$7,200

At December 29, 1973, 64,470 shares were available for future stock option grants.

Commitments and Contingent Liabilities

The Company and its subsidiaries have obligations under non-cancellable leases, primarily for ship charters, retail stores and agricultural land. Lease terms are generally for less than the economic life of the property. The total rental expense for the latest two fiscal periods is as follows:

	Year Ended Dec. 29, 1973	Nine Months Ended Dec. 31, 1972
	(in thousands)	
Minimum rentals	$17,124	$17,295
Contingent rentals	1,109	619
	18,233	17,914
Less subleases	1,102	856
Total	$17,131	$17,058

Certain retail store and agricultural land leases provide for increases in minimum rentals based on percentages of sales or production. Aggregate minimum rental commitments, by major property categories, are shown for the following future periods:

	Ship Charters	Agricultural Land	Retail Stores	Other Plant and Equipment
		(in thousands)		
For the year:				
1974	$17,902	$1,105	$1,201	$3,093
1975	8,689	1,105	1,167	2,529
1976	3,027	1,082	1,442	1,941
1977	416	1,081	1,547	1,818
1978	403	1,079	1,452	1,599
For the five years ending:				
1983	640	3,002	6,183	4,522
1988	—	2,446	4,888	1,552
1993	—	933	3,629	577
Thereafter	—	110	4,717	1,227

At December 29, 1973, the Company and several of its subsidiaries were contingently liable for $4,989,000 for notes discounted and mortgage loans endorsed and for $33,822,000 for guarantees of affiliated companies' indebtedness.

A legal action filed in 1969 seeking annulment of Dole Philippines' grower agreement in that country is pending before the Philippine Supreme Court. In the opinion of counsel for Dolefil, the petition is without sufficient legal basis.

On April 6, 1973, in connection with an asserted breach by the Company of a cooperative contract with another banana company, the court entered judgment against the Company on damages in the amount of $566,000, together with interest at the rate of 5% from the date of entry of the interlocutory judgment. Counsel for the Company are of the opinion that the court's judgment on liability and damages was in error, and the judgment has been appealed.

A complaint has been filed in California against the Company by a wholesale distributor of fresh fruits alleging an attempt to monopolize the sale of fresh pineapple in the United States. The complaint sought treble damages in an undetermined amount and an injunction. Although the plaintiff did not seek any specific amount of damages in the complaint, it alleged damages of about $1,000,000. On December 4, 1973, the court permitted the plaintiff to amend its complaint to challenge the legality of Castle & Cooke's acquisition of Standard Fruit and Steamship Company. The Company and its counsel believe that the complaint is without merit.

The Internal Revenue Service completed its examination of the consolidated federal income tax returns of the Company for the years ended December 31, 1967 through 1969. An adjustment has been proposed relating to certain land sales treated as capital gains transactions. The Company is contesting the treatment of the net profit on these land sales as ordinary income and has filed a petition in the United States

Tax Court for this purpose. The Company and its counsel believe that adequate provision for income taxes with respect to such land sales has been made for all open years. The Internal Revenue Service is presently examining the Company's returns for the years 1970 and 1971.

Pension and Retirement Plans

The Company and its consolidated subsidiaries have qualified retirement plans covering most full-time employees. The cost of these plans amounted to $3,607,000 for the year ended December 29, 1973 and $2,687,000 for the nine months ended December 31, 1972. Accrued pension costs, net of actuarial gains and losses, are funded currently. Actuarial gains and losses are amortized over 10 years. At December 29, 1973, the aggregate value of the pension fund assets and balance sheet accruals exceeded the actuarially computed value of vested benefits.

The Company and several subsidiaries also are parties to various industry-wide collective bargaining agreements which provide for pension benefits. Total contributions to these plans, including direct payments to pensioners, were $1,421,000 for the year ended December 29, 1973 and $864,000 for the nine months ended December 31, 1972.

Extraordinary Items

In the nine months ended December 31, 1972, an extraordinary charge exceeded extraordinary credits by $1,445,000 (10 cents per share) as follows:

1. The Company made provision for an estimated loss of $4,429,000, after income tax effect of $4,636,000, in connection with the decision to terminate pineapple operations on Molokai by the end of 1975. The loss includes provision for payment of severance allowances to employees, for lease rentals after 1975, and for the write-off of the estimated unamortized cost of the purchased leasehold interest and facilities at termination.

2. The change of fiscal year in 1972 necessitated a special adjustment which resulted in an extraordinary income item of $2,520,000 after applicable income taxes of $2,622,000. This adjustment was required to state appropriately the cost of certain pineapple products, production of which is seasonal and the cost of which has been based consistently on the apportionment of all production costs incurred in a full year to the quantities produced during such year. Accordingly, the valuation of such products which were produced during the nine months ended December 31, 1972 (constituting substantially all of the production of such products for the 12 months then ended) is based on total production and related costs for 12 months.

3. A subsidiary's investment in a related company was sold for a net gain of $464,000 after deductions for income taxes of $619,000 and minority interests of $361,000.

Earnings Per Share

Primary earnings per share are based on the weighted average number of shares outstanding during the period after consideration of shares issued in the pooling of interests transaction, stock dividends declared and shares issuable upon exercise of stock options at prices below the average market price of the Company's common stock during the related period.

Fully diluted earnings per share were computed on the same basis as primary earnings per share after consideration of the additional dilutive effect which could result from the conversion of outstanding debentures.

Subsequent Events

Subsequent to the end of the fiscal year, the Company completed negotiations for the sale of the assets of the Royal Hawaiian Macadamia Nut Division. The net gain from the sale will be approximately $3,500,000 after deducting income taxes of $2,000,000.

Auditors' Report

To the Stockholders of Castle & Cooke, Inc.:

We have examined the consolidated balance sheet of Castle & Cooke, Inc. and its consolidated subsidiaries as of December 29, 1973 and December 31, 1972 and the related consolidated statements of income, changes in stockholders' equity and changes in financial position for the year ended December 29, 1973 and the nine months ended December 31, 1972. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the consolidated financial position of Castle & Cooke, Inc. and its consolidated subsidiaries at December 29, 1973 and December 31, 1972 and the results of their operations and the changes in their financial position for the stated periods then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Haskins & Sells

Honolulu, Hawaii
January 29, 1974

Financial History

OPERATIONS FOR THE PERIOD*	Year Ended December 29, 1973	Nine Months Ended December 31, 1972	1972
Revenues	**$694,949,000**	$456,976,000	$547,354,000
Income before extraordinary items	**26,876,000**	13,876,000	11,648,000
Extraordinary items — net	**—**	(1,445,000)	934,000
Net income	**26,876,000**	12,431,000	12,582,000
Return on average equity	**11.44%**	5.58%	6.08%
Earnings per common share, assuming no dilution:**			
Income before extraordinary items	**1.89**	.97	.84
Extraordinary items	**—**	(.10)	.07
Net income	**1.89**	.87	.91
Dividends declared to Castle & Cooke stockholders:			
Cash dividends	**7,884,000**	5,525,000	7,273,000
Per share**	**.56**	.40	.53
Stock dividends	**5% and 7%**	—	—
Depreciation expense	**16,701,000**	12,884,000	15,939,000
Capital expenditures	**15,480,000**	9,557,000	20,145,000
AT YEAR END*			
Current assets	**272,010,000**	267,230,000	233,869,000
Current liabilities	**136,037,000**	138,453,000	119,294,000
Working capital	**135,973,000**	128,777,000	114,575,000
Ratio of current assets to current liabilities	**2.00 to 1**	1.93 to 1	1.96 to 1
Total assets	**567,655,000**	568,463,000	542,373,000
Long-term debt	**137,632,000**	158,453,000	165,089,000
Minority interests	**18,528,000**	17,099,000	16,315,000
Stockholders' equity	**243,452,000**	226,342,000	218,826,000
Per share**	**17.24**	15.86	15.52

* Amounts shown for prior years have been restated to include a pooling of interests acquisition.

** Per share amounts shown for prior years have been restated to give effect to both the 5% stock dividend paid in March 1973 and the 7% stock dividend declared in December 1973 and payable in March 1974.

Year Ended March 31			Eleven Months Ended March 31,	Year Ended April 30		
1971	1970	1969	1968	1967	1966	1965
$514,665,000	$508,987,000	$455,495,000	$371,446,000	$349,812,000	$336,498,000	$266,609,000
7,274,000	20,467,000	15,250,000	12,782,000	9,857,000	11,754,000	9,447,000
3,478,000	(2,743,000)	3,533,000	—	1,434,000	—	9,235,000
10,752,000	17,724,000	18,783,000	12,782,000	11,291,000	11,754,000	18,682,000
5.58%	9.68%	11.18%	8.25%	7.71%	8.49%	14.96%
.56	1.61	1.23	1.05	.82	.98	.81
.27	(.21)	.29	—	.12	—	.79
.83	1.40	1.52	1.05	.94	.98	1.60
6,609,000	6,254,000	5,455,000	4,317,000	3,987,000	3,656,000	3,476,000
.53	.50	.49	.42	.41	.38	.36
5%	—	100%	—	5%	50%	10%
13,506,000	11,989,000	11,219,000	8,733,000	8,501,000	8,229,000	6,781,000
30,128,000	27,432,000	23,109,000	19,092,000	20,233,000	21,276,000	6,991,000
211,547,000	189,519,000	177,870,000	153,835,000	137,180,000	123,976,000	120,470,000
145,746,000	115,303,000	110,863,000	80,301,000	75,029,000	71,133,000	55,551,000
65,801,000	74,216,000	67,007,000	73,534,000	62,151,000	52,843,000	64,919,000
1.45 to 1	1.64 to 1	1.60 to 1	1.92 to 1	1.83 to 1	1.74 to 1	2.17 to 1
498,193,000	451,326,000	421,065,000	354,822,000	308,973,000	274,734,000	251,999,000
129,103,000	117,088,000	112,466,000	96,495,000	59,410,000	33,617,000	26,460,000
15,547,000	14,879,000	13,201,000	11,712,000	17,057,000	18,315,000	27,695,000
194,978,000	190,597,000	175,646,000	160,297,000	149,678,000	143,272,000	133,771,000
15.17	14.87	14.09	13.05	12.40	11.93	11.22

Directors and Officers

DIRECTORS

A.S. Atherton
President
Honolulu Star-Bulletin, Inc.

A.G. Budge*
Retired Chairman of the Board

W.M. Bush†
Retired Executive Vice President

Henry B. Clark Jr.
Executive Vice President

James J. Finch†
Retired Executive Vice President
Newhall Land and Farming Company

D.J. Kirchhoff*
President and
Chief Operating Officer

Malcolm MacNaughton*
Chairman of the Board and
Chief Executive Officer

John H. Magoon Jr.
Chairman of the Board and President
Hawaiian Airlines, Inc.

Leonard Marks Jr.†
Executive Vice President-Finance

John H. Midkiff*
Retired Manager
Waialua Sugar Company, Inc.

Geo. G. Montgomery††
Retired Chairman of the Board
Kern County Land Company

James E. Nall
President
Investment Corporation of Florida

Samuel A. Pond†
Associate Dean
Graduate School of Business
Stanford University

J.S.B. Pratt III*†
Chairman of the Board and
Chief Executive Officer
Hawaiian Trust Company, Limited

Thomas F. Sandoz
Retired President
Bumble Bee Seafoods

Albert D. Schwaner
Retired Executive
Dole Company

Richard H. Wheeler*
President
Andrade & Company, Limited

* Executive Committee
† Finance & Audit Committee
††Deceased January 1, 1974

OFFICERS

Malcolm MacNaughton
Chairman of the Board and
Chief Executive Officer

D.J. Kirchhoff
President and
Chief Operating Officer

Henry B. Clark Jr.
Executive Vice President

Leonard Marks Jr.
Executive Vice President-Finance

S.P. McCurdy
Vice President & Secretary

Mitsuyoshi Fukuda
Vice President

Robert S. Gordon
Vice President

Richard M. Macfarlane
Vice President

John S. McGowan
Vice President

C.J. Patterson
Vice President

C.M. Waite
Vice President

Raymond W.C. Wong
Vice President

D.W. Furbee
Controller

Randolph G. Moore
Treasurer

William T. Miller
Group Controller

William J. Hain
Assistant Controller

George Miyasaka
Assistant Controller

Thomas J. Bailey
Assistant Treasurer

C. Peter Rainey
Assistant Treasurer

Peter Schoenwald
Assistant Treasurer

Wilson N. Siegmund
Assistant Treasurer

Allen V. Cellars
Assistant Secretary

Jean B. Stevens
Assistant Secretary

Ross D. Stevens
Assistant Secretary

June Takafuji
Assistant Secretary

Robert M. Moore
General Counsel

AUDITORS

Haskins & Sells
Honolulu

STOCK TRANSFER AGENTS & REGISTRARS

Hawaiian Trust Company, Limited
Honolulu

Wells Fargo Bank, N.A.
San Francisco

Morgan Guaranty Trust Company of New York
New York

DEBENTURE TRUSTEE

Bankers Trust Company
New York

Copies of Castle & Cooke's 10-K report, a corporate operational and financial report filed annually with the Securities and Exchange Commission, are being made available for those who wish to have more detailed information about the Company. If you would like a copy, or have any other inquiries about the Company, please write to:

CASTLE & COOKE, INC.

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Pacific Coast Office: Fifty California Street, San Francisco, California 94111